

Creating a **Modern Industry Policy for South Australia**

Summary Report on Public Consultations
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In 2018–19, the Government of South Australia sought input from businesses and the community on a new industry policy to support businesses to grow, develop a global outlook, increase global competitiveness, and ensure that new businesses can start and thrive from South Australia.

In total, over 250 researchers, businesses and industry associations participated in engagement activities and 36 formal submissions were received.

The Modern Industry Policy project has now closed.

In March 2019, the South Australian Government announced development of a new South Australian Growth Agenda to prioritise and guide the state's economic development initiatives.

Feedback and preliminary concepts discussed in the Modern Industry Policy consultation process have been incorporated into development of that holistic economic agenda.

Our approach

Industry and the wider community were asked to help develop policy direction and key actions that could re-shape South Australia's business base in the short and longer term.

To design a policy that was fit for implementation, extensive research was conducted to identify world's best practice and small discussion forums were held to test early policy and initiative thinking in the areas of business growth, technology adoption and exports.

A discussion paper was released in February 2019 asking what more could be done to accelerate growth and transformation of our local industries. Policy and program prototypes were developed and tested with a wide range of industry players. A wide range of industry groups were briefed and 1:1 meetings held. General feedback and public submissions were invited via the yoursay.sa.gov.au online consultation platform.

Many of the areas identified for action through the former Modern Industry Policy project are now being addressed through initiatives such as:

- Industry Skills Councils – *first meeting held in April 2019*
- SA Productivity Commission Review into Government Procurement – *Stage 1 report delivered in May 2019*
- Regional Development Strategy – *announced in May 2019*
- FIXE entrepreneurial strategy – *launched in June 2019*

What we heard

There was broad consensus and support for all the policy concepts proposed – particularly new entrepreneurial culture and supporting existing businesses to grow and innovate

Other areas that were consistently identified as areas for further action included: detailed sectoral plans; tax reform and other business cost reduction measures; and digital and physical infrastructure that enables business efficiencies, connectivity and knowledge sharing.

There was universal agreement on the need for more flexible skilling models and linkages between industry and institutions across the education and research spectrum.

There were calls for government to be a more active facilitator of innovation (regulatory and procurement reform, tests and trials, and increased risk appetite). To do this, stakeholders identified the need to modernise the public sector's skillset and knowledge to enable entrepreneurial activities and contemporary procurement practices.

Regional South Australia advocated for its unique needs to be considered in any industrial development context.

There was recognition of the need for more action to improve local business understanding of exporting, global competition, value adding opportunities and market conditions.

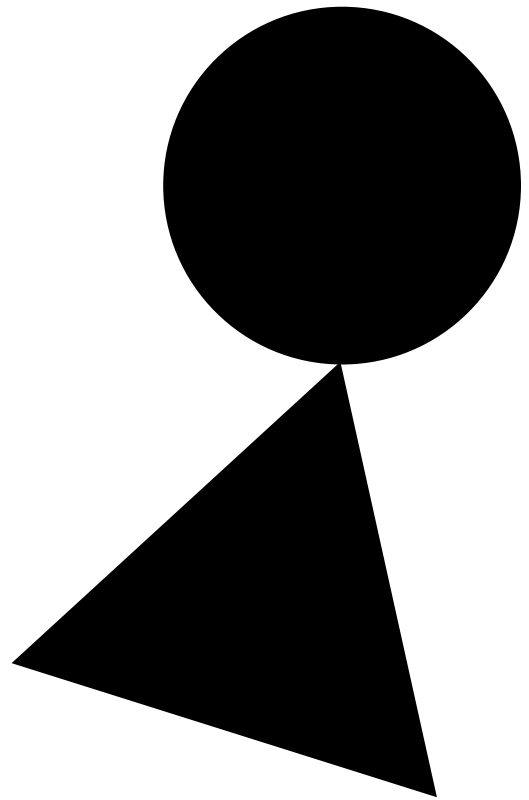
There is more opportunity to also recognise the synergies between positive climate action and economic development.

A new approach to shaping South Australian industry

At this critical point in South Australia's economic transition, to effectively drive long-term economic growth and create new opportunities for our state, the South Australian Government sought to actively support our businesses towards more dynamic and global approaches, through the development of a modern industry policy that would help businesses to start, grow and compete in an increasingly competitive global marketplace.

The draft policy was based on the premise that creating a dynamic pipeline of new business start-ups and existing businesses that are transforming and focusing on growth was key to the long-term health of the South Australian economy.

The draft policy represented a broad-based approach to build long-term business capability, focused on the fundamental factors that support businesses to grow, regardless of size, physical location or industry sector.



The draft policy framework was built around these three themes:

1

A strong local foundation

Building a competitive business environment in South Australia and investing in the future.

2

A global outlook

Increasing our wealth by selling to markets outside South Australia.

3

Prosperous businesses

More businesses starting, scaling and succeeding in South Australia.

1

A strong local foundation

Ultimately, it's businesses that will create jobs and more directly benefit from their own success. Some concepts we tested under this theme included:

- Build a future-ready workforce that supports real jobs and meets industry needs.
- Connect industrial precincts to support business growth and innovation.
- Invest in high-quality (industry relevant) infrastructure, including digital and research.

We posed these questions:

1. Beyond existing commitments, activities and programs, what else could ensure that workforce training is flexible enough to meet future industry needs in a rapidly changing global environment?
2. What government regulations or processes are blocking South Australian businesses from pursuing innovative business growth opportunities?
3. How can the government help businesses access public and private equipment and infrastructure, such as research or manufacturing equipment, to enable increased innovation and collaboration?
4. What are the highest infrastructure priorities to improve business productivity?
5. Given that governments are key purchasers of goods and services, what procurement reforms could be made to support innovative business growth within our economy?

You told us:



- Awareness of career options is vital, and more effort should be made to also focus career advice on job satisfaction and earning potentials (regardless of the education pathway).
- Foundation and employability skills are as important as specialisation, and could be enhanced through greater links with industry, and are important for all education and training segments.
- Funding to support skills updating should be a priority, and for micro-credentials delivered in flexible ways. A change of mindset by both employer and individuals is important.
- There is a need to distinguish between initial entry level training and upskilling/reskilling. There is a significant amount of established businesses – large and small – which are going to need significant help to assist themselves and their workforce transition to the new economy.
- Precinct development in South Australia needs to have a much stronger focus – cannot be all thing to all people to attract companies and talent. Need to clearly focus on areas of world class capability.
- There is a lack of a logistics facility in Adelaide to consolidate small to medium export shipments into container lots to reduce freight to major export markets.
- State Government needs to simplify systems and information provision for businesses and ensure equitable access for all.
- There is a lack of cross government coordination and systems integration, and many paper based processes are still around.
- There are high overheads for SMEs to respond to tenders and grant applications and timeframes for responses are too slow.
- Contact details for government staff should be publicly available to improve responsiveness and accountability.
- Ideas generated included: a government sandpit or digital marketplace to test and trial new products, or other tools such as hackathons, competitions and awards to solve government problems; and industry coordinators that work across all areas of government to facilitate outcomes.

2 A global outlook

To be globally competitive, South Australian firms need to compete on value created through unique design, service provision or niche products and services. Some concepts we tested under this theme included:

- Build stronger global supply chains.
- Boost international investment in South Australia that fills gaps in the local economy.

We posed these questions:

1. Beyond existing commitments and activities, are there other ways government should be helping businesses to identify and pursue global opportunities and/or partners to improve global competitiveness?
2. How can we support businesses to add more value to the products and services they export to boost the value and sophistication of South Australia's exports?
3. What local barriers are potentially getting in the way of export opportunities?

You told us:

- Existing support such as trade missions and trade shows are vital, however the cost is often a key barrier for businesses.
- Collaboration should be encouraged for businesses seeking to export, to build collaborative supply chain models and overcome issues of scale. Clusters, networks, shared resources and interest groups are appropriate delivery mechanisms.
- Market knowledge should be more easily accessible for businesses. This may be achieved by providing a clear and consistent front door to Government for business.
- Support programs should remain stable to avoid business confusion.
- Access to capital and a capable workforce is crucial for a business seeking to export.
- A risk adverse exporting culture exists in South Australia.
- More focus should be placed on the export of services, and on supporting firms protect their intellectual property.
- Improve local business understanding of their position in global markets and supply chains, and their value/product offering.
- Moving from legacy markets to adjacent markets is important and needs to be broader.
- Government need to further understand the design centric economy and the benefit that design centric business models can have on businesses wishing to create a product which would be demanded by foreign markets.
- There is a need to facilitate collaboration to increase the complexity of goods and services for export. Government, industry associations, incubators and mentors can all assist in promoting increasing the complexity of goods.
- Facilitate access to distribution channels in key markets for products and services.
- Create a way in which businesses can easily identify connections which will assist them to add value to their exports (ie taking a commodity and processing it in some way to increase its value and complexity).
- Businesses with vision should receive support with market development. This will reduce the current extended timeframes required by businesses to develop market knowledge, which is often 18 to 36 months due to lack of resources (both human capital and finances to afford consultants).
- Non-exporting sectors are still important for economic growth (eg construction and health services).

3 Prosperous businesses

The future of the state's economy is dependent on businesses who are willing and able to start, transform their business and grow globally. Some concepts we tested under this theme included:

- Build a stronger entrepreneurial culture.
- Accelerate high growth potential firms.
- Address management, leadership and technology gaps.
- Foster stronger connections between businesses, and with researchers, in South Australia and around the world.

We posed these questions:

1. How do we build on existing initiatives to establish a holistic entrepreneurial skills system in South Australia, so that we have more businesses starting and more businesses taking risks to grow?
- 2a. How can we better connect investors to early-stage investment opportunities so businesses can access the capital needed to grow? And...
- 2b. How do we increase South Australian businesses' appeal and readiness for private investment?
3. How can we best help businesses to develop their management and leadership capabilities, including through learning from other successful businesses and business models?
4. Given the rapid pace of technological change globally, what mechanisms could support the acceleration of South Australian businesses to transform through the adoption of digital and emerging technologies?
5. To build scale and bring new products and services to market, how can we support industry and research collaboration?

You told us:

In relation to focusing on high growth potential firms:

- You would value a greater government focus on supporting existing firms to double or treble in size (in addition to generating startups and more than foreign investment).
- Government needs to understand and address levels of risk appetite and other barriers to business growth within a state-specific economic context.
- The growth of firms may be supported through procurement reform and government as a customer.
- Business management and capability barriers could be addressed by improving business acumen, improving market knowledge and accessing mentors and specialist advice.
- A global mindset should be fostered to reveal growth ambition with a focus on global markets and export capability. Outward facing and sustained offshore trade is crucial along with business scale and collaboration.
- Build a growth mindset with advice and mentoring from individuals who have started, failed and succeeded in business.
- Job suitability reforms matching workers to suitable jobs should be encouraged to meet labour demand.

In relation to technology adoption:

- Government may lead by example by streamlining systems and processes, using technology and data analytics to solve problems as well as demonstrating the safety and applicability of new technologies.
- Innovation centres like Tonsley Precinct could provide digital skills development through the use of educators who have a thorough understanding of the latest digital technologies and their applications. These educators could also assist businesses to adjust their business plans.
- A better understanding of the market may assist in the adoption of technology, as a single approach may not suit all business models.
- The benefits of technology adoption are often realised over a long time period.
- Demonstrate the tangible benefits of Industry 4.0 adoption – visibility and communication are key. The type of support the Government should be offering to established businesses is to understand the transition which is happening on a global scale.
- Technology adoption is occurring incrementally, and at different rates throughout the entire supply chain.
- Ideas generated included: postgrad placements, Industry 4.0 Framework and Assessment for SMEs, case studies, step change and transformation training programs, avenues for new industries to talk to old industries, cluster workshops.



In relation to building management and leadership skills:

- There is a potential for retired executives to contribute to mentoring local businesses, especially expatriates with international experience. Ensure these experts are also brought to the regions.
- Mentoring is a critical aspect of building management and leadership capabilities. There is an opportunity for this to occur through avenues such as Polaris or Lot Fourteen.
- Business skills and entrepreneurship should be encouraged from a young age and integrated into schooling. While you can teach some entrepreneurial skills, there was a consensus that attitude and motivation are not qualities that can be taught.
- There is a smaller talent pool of staff, managers and board members in South Australia, particularly in relation to leaders experienced in scaling businesses, and those with deep tech experience.
- Training options for board members should be further explored by Government to increase the skills and capabilities of members.
- Training in business basics like finance and government frees small business to focus on being more entrepreneurial.
- Ideas generated included: a portal of online learning bites and other training courses (with pastoral care in the regions); attract experienced technologists who can help SMEs manage transformation opportunities and challenges; study tours.

In relation to capital and building collaboration for commercialisation/ innovation:

- Identifying a clear common goal/value/benefit for collaboration is critical.
- Funding can assist businesses and universities to further collaborate. Businesses can employ PhD students to build capability and access research.
- To increase awareness of collaboration pathways within the community, opportunities and options to engage in collaboration should be made transparent and promoted further.
- Regional involvement is an important consideration.
- It should be acknowledged that not all collaboration is of economic benefit.
- Government may have a role in collaborating to support the trialling and testing of new products and services from South Australian businesses. The Government should demonstrate leadership in collaboration.
- Encouraging collaboration amongst direct competitors may be more difficult than supporting cross-cutting collaboration. Identifying areas where there are common goals could counteract competitive aspects of business which often impede collaboration.
- Focus on building capability to prepare for collaboration, such as identifying the value proposition of collaboration and understanding intellectual property.
- Supply chain collaboration is an opportunity, but most businesses are unaware of it.
- Government can play a stronger facilitator/connector role.
- Consider an investor and researcher bureau to rapidly connect these resources with businesses who are growing or commercialising new products or services.

